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August 22, 2022

To: The Honorable Judge Martin Glenn  
One Bowling Green  
New York, NY 10004-1408

Re: Case # 22-10964

Dear Judge Glenn,

My name is Carlo Garofalo. I have been a cryptocurrency investor since 2016. I have a mid-six figure cash amount of cryptocurrency (\$401,540.63 plus \$231,518.35 collateral minus \$150,000.00 loan - at today's prices) stored on the Celsius wallet along with a \$150,000.00 USDC loan secured by 10.88 Bitcoin as collateral. I have two issues with Celsius. Both issues involve theft by deception of funds/property.

The first issue is regarding my loan. After my account was frozen, Celsius began sending me emails that my collateral is close to being liquidated and that I need to send in \$150,000.00 in either cash or USDC to payoff the loan so that my Bitcoin would not be liquidated. They told me that I could not use any cryptocurrency that I had on my account to pay the loan (because funds were frozen) and that I needed to send in fresh funds. I did not have \$150,000.00 liquid, so I borrowed the money from my brother. He wired me \$150,000.00 and I uploaded the funds to Coinbase to convert the funds to USDC to create a trail. Coinbase held the USDC for six days, then I was able to release the USDC to Celsius. During the six day waiting period, I was in communication with Celsius and they told me that there is a note on my account that the funds are on the way and my collateral would not be liquidated. Once the USDC arrived in my Celsius wallet, I was told that I was not close to liquidation of my collateral. Bitcoin was over \$23,000.00 and my liquidation price was \$17,223.12. I then asked for my USDC to be returned, since I didn't need to pay off the loan, and they told me that all transfers were frozen. I explained how my situation was different and then Celsius went silent.

Last Friday, I read that it was possible that reward bearing accounts (EARN ACCOUNTS) would have priority over non reward bearing accounts for payback. All of my cryptocurrency in Celsius is in a reward bearing account except for the USDC that I sent in to pay off my loan. If my loan was paid off, the 10.88 Bitcoin that was used as collateral would be placed into the reward bearing account. Therefore, if what I read was correct, all of my cryptocurrency in my Celsius wallet would have a priority standing. I emailed Celsius and told them that I would like to pay off my loan with the USDC in my account. They responded saying that all transfers were frozen and that I had to wire in cash to pay off the loan. I told them that the funds were already sent in to pay off the loan with the USDC. Celsius went silent again.

Your Honor, for reference, my Celsius Loan ID is #35456. Since I was initially deceived in needing to transfer \$150,000.00 into my Celsius account to pay off my loan, I would humbly request for you to order Celsius to return my \$150,000.00 USDC to me so that I can pay back my brother for his loan when it wasn't necessary at all and especially since Celsius suspended liquidations immediately after I sent in the \$150,000.00 USDC. My

base address to receive these funds is 0x316de1Dd896B933B9590866A92964eB16a0D1Eeb.

It would only be fair to return these funds to me. Please help me, Your Honor. If and when Celsius is up and running again, I would be happy to pay off the loan and move on.

The second issue is the same as everyone else. Celsius lied to and mislead it's customers in an ongoing basis. The customers who had funds/property in their Earn Accounts, were for the most part, receiving nominal interest rates. There were a few extremes, but Bitcoin and Ethereum were are 3.5% annually along with LINK 1.75%, BAT 1.0%, DASH 1.75%, LTC 1.75%, OMG 0.5% and so on. The cryptocurrencies that were receiving rewards were supposed to be lent to institutional borrowers where the risk was based on the rewards amount earned. The difference in the two rates was supposed to be how Celsius made their revenue. This was explained over and over again on the Celsius weekly (Friday) YouTube AMA. Every week they would be "bragging" how Celsius was growing and opening offices throughout the world, hiring top financial and technical minds (who they introduced in the AMAs) and how they were in desperate need of more engineers, etc. to handle their growth. They had a huge presence at this years Bitcoin Conference in Miami plus had a tremendous afterparty when the Bitcoin Conference was completed. It all sounded and seemed amazing. The "NEW WAY TO BANK". It now seems to be nothing but a Ponzi scheme where management gambled our investments away on risky cryptocurrency coins like LUNA along with derivatives, etc. and lost their shirts... our shirts. They had no right to do that. It is a criminal act.

In these AMA chats, Alex Machinsky confidently described how "safe" our funds/property were in our Celsius wallets and that Celsius could immediately liquidate all funds/property to customers if necessary. That was an out and out lie and if every dollar is not returned to all customers, he should be criminally prosecuted for running a Ponzi scheme and I would be very happy to testify against him. If I don't receive my funds/property back, he will have destroyed my retirement.

I am 61 years old and this is a tremendous chunk of my retirement. Cryptocurrency is a new market and extremely volatile, but the infrastructure of the blockchain is growing as the prices fluctuate. Once it becomes mainstream, the prices will grow and stabilize. My cryptocurrency account will be seven figures and that's why whenever we customers are paid back that it must be in the cryptocurrency that we have on account or at least in Bitcoin... but not in cash. Cryptocurrency prices are low right now, thanks in part to Celsius and as time goes on, prices are most likely to rise again.

I also do not know how to fill out the claim form regarding what to fill in for the Earn Account, collateral and loan. This entire situation is extremely stressful and complicated.

Your Honor, please address both of my issues with a favorable outcome. Thank you for your time.

Sincerely,  
Carlo Garofalo